

Assembly Veterans Affairs Committee
Assembly Housing and Community Development Committee

March 23, 2011

Housing California's Veterans: Does the State Have a Plan?
Background Paper

The purpose of this hearing is to examine current state and federal programs and initiatives aimed at keeping veterans housed and determine what, if any, changes could be made at the state level to improve housing outcomes for California's veterans.

Although accurate counts of the homeless population are difficult to undertake and estimates by different organizations vary widely, the U.S. Department of Veterans Affairs (USDVA) estimates that nationwide on any given night 107,000 veterans are homeless. This is a decline of 18% from USDVA's 2008 estimate of 131,000 homeless veterans on any given night. Although the recent decline is good news, veterans' homelessness is still an issue that needs attention.

Various studies indicate that veterans are more likely than the general population to become homeless, and make up a disproportionate share of the homeless population. Although veterans are only about 8% of the U.S. population, they make up approximately 15% to 20% of the homeless population. Roughly 25% of the nation's homeless veterans are in California.

Although a substantial percentage of California's homeless veterans served during the Vietnam era, the ranks of homeless veterans from Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) are growing. Service providers report that they have seen a sharp increase in OIF/OEF veterans seeking shelter and other services in the past year, and there is growing concern that veterans from these recent conflicts are falling into homelessness far quicker than veterans from previous conflicts. Without attention to this issue, the number of homeless veterans could spike as more veterans return from OIF/OEF.

Female veterans are another growing portion of the homeless veterans' population. While still making up less than 10% of the total homeless veterans' population, service providers report that the number of homeless women veterans has been rising steadily in recent years. Studies indicate that female veterans are at a far greater risk of homelessness than male veterans. While they face many of the same challenges as their male counterparts, they are far more likely to have been victims of sexual trauma either before or during the military service, experience unemployment at a higher rate than male veterans, and are often single mothers caring for young children.

In addition to the veterans who are already experiencing homelessness, there are many more veterans who have unstable housing situations that place them at risk of homelessness. For some, remaining housed may be as basic as having more affordable housing options. For others, the challenges are more complex and may involve a range of issues from lack of job training to needing ongoing treatment for substance abuse or mental health issues.

While the federal government has made ending veterans' homelessness a priority, achieving that goal will require cooperation and collaboration among all levels of government as well as with the non-profit service providers who work with veterans on a daily basis. California has a number of housing programs that serve veterans, however these programs are administered by state agencies and departments that have no formal coordination process. In addition, not all of the programs specifically target lower-income or homeless veterans.

Another significant challenge to addressing veterans' housing needs is that California has dwindling financial resources to support affordable housing development. Funds from the last two voter-approved housing bonds, Proposition 46 of 2002 and Proposition 1C of 2006, are almost gone, and the chances of an additional bond measure being placed on the ballot in the near future is highly unlikely considering the current budget challenges and the state's high debt service on existing bonds. Redevelopment money, another crucial source of funding for affordable housing projects and a source that has been tapped to build a number of veteran-specific projects, is also in jeopardy as part of the proposed budget.

Questions that the committees may wish to consider as they listen to the testimony include:

- How can the state be a more active partner in achieving the federal government's goal of ending homelessness among veterans within five years?
- Are the state's current programs and resources related to housing veterans reaching the populations that are most in need of housing assistance?
- What changes in state law or regulation may be needed to enable the state to more effectively serve homeless and low-income veterans?
- Could the state make better use of existing space at the Veterans Home of California that is going unused due to lack of funding? For example, can the state partner with non-profit service providers to utilize available beds? If there are barriers to this type of collaboration, can they be overcome?
- Are there ways that the CalVet Program can be expanded to provide rental housing options for lower-income veterans who cannot qualify for a mortgage?
- Are there opportunities for state departments and agencies to better coordinate programs that serve veterans?

Federal Programs and Initiatives Related to Homeless Veterans

U.S. Interagency Council on Homelessness

In May of 2009, the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) was signed into law. In addition to other provisions, HEARTH mandated the creation of a federal strategic plan to prevent and end homelessness. The U.S. Interagency Council on Homelessness, which is composed of 19 federal agencies, has led the effort to develop the strategic plan. The mission of the Council is to coordinate the federal response to homelessness and to create a national partnerships at every level of government and with the private sector to reduce and end homelessness in the nation which maximizing the effectiveness of the federal government to contribute to the end of homelessness.

In 2010, the Council adopted *Opening Doors: A Federal Strategic Plan to End Homelessness*, with the goal of ending veteran and chronic homelessness by 2015 and homelessness among families, youth, and children by 2020. The plan includes 10 objectives and 52 strategies to achieve the goal of ending homelessness. According to the Executive Summary, “the Plan is a roadmap for joint action by the 19-member United States Interagency Council on Homelessness along with local and state partners in the public and private sectors. It will provide a reference framework for the allocation of resources and the alignment of programs to achieve our goal to prevent and end homelessness in America. The Plan also proposes the realignment of existing programs based on what we have learned and the best practices that are occurring at the local level, so that resources focus on what works. We will take action in partnership with Congress, states, localities, philanthropy, and communities around the country.”

Five-Year Initiative to End Homelessness among Veterans

Announced in 2009 and integrated into the overall federal plan to end homelessness, the federal Five-Year Initiative to End Homelessness among U.S. Veterans is a comprehensive plan that includes preventive measures like supportive services for low-income veterans and their families, discharge planning for incarcerated veterans re-entering society, and a national referral center to link veterans to local service providers. The plan calls for expanded efforts around education, jobs, health care, and housing. While in the past the U.S. Department of Veteran’s Affairs (USDVA) focused largely on getting homeless veterans off the streets, the five-year comprehensive plan has a strong focus on prevention. The plan contains six pillars:

1. Outreach and education to veterans who are homeless or at risk of becoming homeless.
2. The strategy of prevention—controlling growth, even as we reduce the homeless population.
3. Strengthen the availability of primary, specialty, and mental health care, including substance-use disorders, which includes the opening of five new domiciliary residential programs to assure access to treatment.
4. Increased housing opportunities and appropriate supportive services tailored to the homeless veteran.
5. Greater financial and employment support as well as improved benefits delivery—everything from increasing the number of veterans working in the federal government, to improved placement of veterans in private sector jobs, to growing the number of high-performing veteran-owned and service-disabled veteran-owned small businesses competing for government contracts.
6. Expansion of critically-important community partnerships.

HUD-Veterans Affairs Supportive Housing Voucher Program (HUD-VASH)

The HUD-VASH Voucher Program is a partnership between the U.S. Department of Housing and Urban Development (HUD) and the USDVA to move veterans out of homelessness and into permanent housing. The program combines Housing Choice (formerly known as Section 8) Voucher rental assistance with case management and supportive services provided by USDVA. The program is administered at the local level by public housing authorities in cooperation with VA Medical Centers.

In order to participate in HUD-VASH, veterans must be currently homeless, must be eligible for VA medical care, and must have an identified clinical need for case management. Veterans in transitional housing or residential

treatment programs may also be considered for admission. HUD-VASH is designed to help veterans living with a disability, mental illness, addiction, chronic homelessness, or other issues who can be helped by participating in ongoing case management. Veterans who have spouses and dependent children are eligible to participate.

HUD-VASH vouchers can be used to subsidize rental units from any landlord willing to accept a Housing Choice housing voucher. Veterans are responsible for paying approximately 30 percent of their gross monthly income directly to their landlords. The housing authority pays the remaining portion of the rent.

Veteran participation in ongoing, long-term case management is a core requirement of the VASH program. Case managers work with voucher recipients to develop individualized treatment plans, assist with the voucher application process and housing search, coordinate access to needed services and supports, and monitor progress and follow up as needed. After demonstrating appropriate progress, the case manager may decide to discontinue case management. Veterans may graduate, but can continue to receive rental assistance as long as it is needed.

HUD has awarded funding for 10,000 vouchers each year in 2008, 2009, and 2010, for a total of 30,000 vouchers nationwide. California has been awarded 4,680 vouchers so far. The chart below shows where in California the vouchers have been allocated:

HUD-VASH VOUCHERS ALLOCATED TO CALIFORNIA, 2008-2010					
Housing Authority (HA)	VA Medical Center (VAMC), Community Based Outpatient Clinic (CBOC), or Health Care System (HCS)	Voucher City	FY 2008	FY 2009	FY 2010
San Francisco HA	San Francisco VAMC/Downtown CBOC	San Francisco	105	70	100
Los Angeles County HA	West Los Angeles VAMC	Monterey Park	0	280	0
Los Angeles County HA	Sepulveda VAMC	Monterey Park	0	0	200
Los Angeles County HA	Greater LA HCS/Pasadena CBOC	Monterey Park	0	0	25
City of Oakland HA	Sacramento VAMC/Oakland BHC	Oakland	0	105	0
City of Los Angeles HA	West Los Angeles VAMC	Los Angeles	840	105	0
City of Los Angeles HA	Sepulveda VAMC	Los Angeles	0	0	200
City of Fresno HA	Fresno VAMC	Fresno	35	35	0
City of Sacramento HA	Sacramento VAMC	Sacramento	0	70	75
Kern County HA	Greater LA HCS/Bakersfield CBOC	Bakersfield	0	35	25
San Mateo County HA	San Francisco VAMC/San Bruno CBOC	Belmont	0	0	25
San Bernardino County HA	Loma Linda HCS	San Bernardino	35	0	25
Santa Barbara County HA	Greater LA HCS/Santa Barbara CBOC	Santa Barbara	0	35	25
San Joaquin County HA	Palo Alto HCS/Stockton CBOC	Stockton	0	35	0
San Joaquin County HA	Palo Alto HCS Livermore Division	Livermore	0	0	25
Riverside County HA	Loma Linda HCS	Riverside	0	105	50
Tulare County HA	Fresno VAMC/South Valley CBOC	Tulare	0	35	0
City of Oxnard HA	Greater LA HCS/Oxnard CBOC	Oxnard	0	0	25
Monterey County HA	Palo Alto HCS/Seaside CBOC	Monterey	0	35	50
City of Ventura HA	West Los Angeles VAMC	Ventura	0	0	25
Butte County HA	Sacramento VAMC/Chico CBOC	Chico	0	35	0
Marin County HA	San Francisco VAMC/Downtown CBOC	San Rafael	0	35	0
City of Vallejo HA	Sacramento VAMC/Fairfield CBOC	Vallejo	0	0	25
Santa Clara County HA	Palo Alto HCS Menlo Park Division	Menlo Park	70	105	125
Santa Clara County HA	Palo Alto HCS/San Jose CBOC	San Jose	0	35	0
City of Pittsburg HA	Sacramento VAMC/Martinez CBOC	Pittsburg	35	0	0
City of Pittsburg HA	Sacramento VAMC/Martinez CBOC	Martinez	0	0	50
San Diego Housing Commission	San Diego VAMC	San Diego	105	105	75

City of San Luis Obispo HA	Greater LA HCS/San Luis Obispo CBOC	San Luis Obispo	0	0	25
Alameda County HA	Sacramento VAMC/Oakland BHC	Oakland	0	0	50
Alameda County HA	Palo Alto VAMC/Fremont CBOC	Fremont	0	0	25
City of Long Beach HA	Long Beach HCS	Long Beach	70	105	100
City of Madera HA	Fresno VAMC	Madera	0	0	50
Santa Cruz County HA	Palo Alto HCS/San Jose CBOC	San Jose	0	0	25
Mendocino County	San Francisco VAMC/Ukiah CBOC	Ukiah	0	35	25
City of Santa Rosa	San Francisco VAMC/Santa Rosa CBOC	Santa Rosa	0	35	75
Orange County HA	Long Beach HCS	Santa Ana	0	70	150
San Diego County	San Diego VAMC	San Diego	0	105	75
Placer County HA	Sierra Nevada HCS/Sierra Foothills CBOC	Auburn	0	0	25
TOTAL			1295	1610	1775

Grant and Per Diem Program

USDVA's Homeless Providers Grant and Per Diem Program is offered annually as funding permits by USDVA's Health Care for Homeless Veterans (HCHV) Program to fund community agencies that provide services to homeless veterans. The program promotes the development and provision of supportive housing and supportive services with the goal of helping homeless veterans achieve residential stability, increase their skills and income, and obtain greater self-determination. Community-based organizations in California that participate include Swords to Plowshares in San Francisco, Vietnam Veterans of California in Santa Rosa, and Vietnam Veterans of San Diego.

Grants are available for up to 65 percent of the costs of construction, renovation, or acquisition of a building for use as a service center or transitional housing for homeless veterans. Renovation of USDVA properties is allowed, but acquiring USDVA properties is not. Recipients must obtain the matching 35 percent share from other sources. Grants may not be used for operational costs, including salaries.

Priority in awarding the per diem funds goes to the recipients of grants, although non-grant programs may apply. Operational costs, including salaries, may be funded by the per diem component. For supportive housing, the maximum amount payable is \$38.90 per day per veteran housed. Veterans in supportive housing may be asked to pay rent so long as it does not exceed 30% of their monthly income. In addition, reasonable fees may be charged for services not paid with per diem funds. The maximum hourly per diem rate for a service center not connected with supportive housing is 1/8 of the daily cost of care, not to exceed the current USDVA State Home rate for domiciliary care. Payment for a veteran in a service center will not exceed 8 hours in any day.

Community Homelessness Assessment, Local Education and Networking Groups (CHALENG)

In 1994, USDVA launched the Community Homelessness Assessment, Local Education and Networking Groups for Veterans (CHALENG) project, an innovative program designed to enhance the continuum of care for homeless veterans. The guiding principle behind Project CHALENG is that no single agency can provide the full spectrum of services required to help homeless veterans become productive members of society. Project CHALENG enhances coordinated services by bringing USDVA together with community agencies and other federal, state, and local governments who provide services to the homeless to raise awareness of homeless veterans' needs.

USDVA medical centers and regional offices designate CHALENG Points of Contact (POCs), usually local USDVA homeless center/project coordinators, to work with local agencies throughout the year to coordinate services for homeless veterans. Key responsibilities for CHALENG POCs include the following:

- Assessing the needs of homeless veterans living in the area.
- Making the assessment in coordination with representatives from state and local governments, appropriate federal departments and agencies, and non-governmental community organizations that serve the homeless population.
- Identifying the needs of homeless veterans with a focus on health care, education, training, employment, shelter, counseling, and outreach.
- Assessing the extent to which homeless veterans' needs are being met.
- Developing a list of all homeless services in the local area.
- Encouraging the development of coordinated services.
- Taking action to meet the needs of homeless veterans.
- Informing homeless veterans of non-USDVA resources that are available in the community to meet their needs.

State Programs that Provide Housing for Veterans

Veterans Homes of California

The California Department of Veterans Affairs (CDVA) administers the Veterans Home of California (VHC), with six campuses located in Yountville, Barstow, Chula Vista, Lancaster, Ventura, and West Los Angeles. Campuses in Fresno and Redding are slated to open in 2012. VHC provides qualified aged or disabled veterans with rehabilitative, residential, medical, and supportive services in a home-style environment with an array of services and programs to meet their needs. The homes offer a range of care levels depending on the campus, including independent living, residential care for the elderly, intermediate nursing care, skilled nursing care, adult day health care, and outpatient clinics.

Applicants for VHC must have served in the active military, naval, or air service and received a discharge under honorable conditions. Additionally, applicants must be eligible for hospitalization or domiciliary care according to the rules and regulations of the USDVA. Veterans are generally admitted to VHC on a first come, first served basis, although certain types of veterans can receive priority admissions, allowing them to move ahead of other applicants on the waiting list for admission to a home.

VHC considers several economic and social factors when determining if priority admission is appropriate for an applicant. Social factors include ability to adapt to a group living situation, ability to interact positively with other residents, willingness to accept counseling services, and need for companionship. Economic factors include whether residency at the home would eliminate an economic hardship and whether residency at the home would reduce health care costs. Other factors affecting priority admission include age and ethnicity. As the homes are designed to serve the state's aged veteran population, special consideration is given to veterans 62 years of age or older. In addition, regulations require that VHC give higher preference to ethnic groups that are underrepresented based on historical admission statistics.

VHC residents pay fees based upon the level of required care and the location. State law caps the amount a resident can be charged, ranging from 47.5% of the resident's annual income for independent living to 70% of annual income for skilled nursing care. Residents without a source of income are not required to pay fees.

Although VHC has a total capacity for 3,432 residents at its six campuses the homes do not operate at capacity due to budget constraints. The chart below provides a look at the six campuses' capacity and the number of residents they serve:

	Physical Capacity	2010-11 Budgeted Census	2010-11 Projected Daily Census	2009-10 Actual Average Daily Census
Yountville	1,568	1,021	994.1	1,023.3
Barstow	400	220	212.0	181.2
Chula Vista	400	305	290.6	279.2
West Los Angeles	396	15	14.9	0
Lancaster	109	25	24.8	3.7
Ventura	109	43	43.2	5.5
Total	3,432	1,629	1,579.6	1,492.9

CalVet Home Loan Program

CDVA has operated the CalVet Home Loan Program since 1943, offering home loans to qualified veterans at competitive interest rates with a low or no down payment. The program provides loans for single-family residences, including condominiums and planned unit developments; farms; units in cooperative developments; and

mobilehomes in rental parks or on land owned by the veteran. Properties purchased with a CalVet loan must be owner-occupied and located in the state. The program only provides new loans and cannot refinance an existing loan on a property that the veteran already owns. CalVet also offers home improvement loans on a limited basis.

Funding for the CalVet program comes primarily from general obligation bonds that are repaid through monthly mortgage payments. The voters have passed 23 veterans bonds since 1943 to provide funding for CalVet. The last veterans' bond to pass was Proposition 12 in 2008, which authorized \$900,000,000 in bonds for the program. CalVet has no General Fund costs.

As of June 30, 2010, the CalVet loan portfolio balance was approximately \$1.5 billion, a decrease of \$188 million, from June 30, 2009. During that fiscal year, the cash and investments balance decreased \$38 million, or 11.8%, from a balance of \$322 million to \$284 million. Bonds payable decreased \$185 million, or 10%, from \$1.852 billion on June 30, 2009 to \$1.667 billion on June 30, 2010. Bond ratings for the Department's GO bonds are AA, A1 and AA- by rating agencies Standard & Poor's, Moody's and Fitch, respectively. Bond ratings for the Department's Revenue bonds are AA-, Aa2 and AA- by Standard & Poor's, Moody's and Fitch, respectively.

EHAP, EHAP-CD, and MHP Programs

The Department of Housing and Community Development (HCD) operates three programs that fund the construction and operating expenses of homeless shelters and transitional and supportive housing: the Emergency Housing and Assistance Program (EHAP), the Emergency Housing and Assistance Program Capital Development (EHAP-CD), and the Multi-Family Housing Program (MHP).

EHAP-CD provides funding to acquire, build, and convert or rehabilitate emergency shelters, transitional housing, and safe havens that provide shelter and supportive services for homeless families and individuals. Funds are made available as deferred payment loans at 3% simple interest for terms ranging from five to ten years based on the type of development activity. In 2002, the voters approved the Housing and Emergency Trust Act of 2002 (Proposition 46), which included \$195 million for EHAP-CD. In 2006, voters approved the Emergency Housing Shelter Trust Fund Act of 2006 (Proposition 1C), which authorized \$2.85 billion in general obligation bonds to continue several existing bond-funded housing programs and to develop new infrastructure programs to support housing development. EHAP-CD received \$50 million in funding from Proposition 1C.

EHAP provides operational grants for emergency shelters, transitional housing projects, and supportive services for homeless individuals and families. Local jurisdictions can use EHAP grants as a match to federal dollars available in the Federal Emergency Shelter Program (FESG). This program has been funded by the General Fund in the past. In 2009, the Governor vetoed the \$4 million in funding for the program, but in 2010, the Legislature prioritized this funding and reinstated it at approximately \$4 million. EHAP is the only state-funded program that supports the operational costs of emergency shelters and transitional housing.

Veterans' specific shelters are eligible for funding from both EHAP-CD and EHAP. Health and Safety Code Section 50801.5(b) permits emergency shelter and transitional housing providers to restrict occupancy exclusively to military veterans if the veterans served possess significant barriers to social reintegration and employment due to a physical or mental disability, substance abuse, or the effects of long-term homelessness that require specialized treatment and services. The provider of emergency shelter or transitional housing must also provide the specialized treatment and services. From Proposition 46, seven shelters received \$6.9 million in program dollars, resulting in 342 beds statewide. This number reflects only the veteran-specific shelters that received funding through HCD; it does not account for the beds that are available to veterans in non-veterans specific shelters. HCD does not collect information on the number of veterans who are served in those shelters.

The MHP program funds the construction, rehabilitation, and preservation of permanent and transitional rental homes for lower-income households by providing loans to local government, nonprofit, and for-profit developers. In 2009, AB 1459 (Davis, 2009 Chaptered 94) bill allowed supportive housing developments that are restricted to veterans to compete for MHP funding regardless of where the project is located. Prior to that, it was unclear if veterans-only developments were eligible regardless of their location or only if they were located on veteran-owned land.